

1-1 By: Bettencourt, Birdwell S.B. No. 604
 1-2 (In the Senate - Filed February 5, 2021; March 11, 2021,
 1-3 read first time and referred to Committee on Local Government;
 1-4 April 12, 2021, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 9, Nays 0; April 12, 2021,
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 604 By: Nichols

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to bonds issued by and the dissolution of municipal
 1-22 management districts.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Subchapter M, Chapter 375, Local Government
 1-25 Code, is amended by adding Section 375.2621 to read as follows:

1-26 Sec. 375.2621. PROHIBITION ON ISSUANCE OF BONDS AFTER
 1-27 PETITION. If a petition for dissolution under Section 375.262 is
 1-28 filed with the board, the board must consider the petition not later
 1-29 than the 60th day after the date the petition is filed. The
 1-30 district may not issue bonds secured by assessments after the date
 1-31 the board confirms that the petition is valid and complete under
 1-32 Section 375.262.

1-33 SECTION 2. Section 375.264, Local Government Code, is
 1-34 amended to read as follows:

1-35 Sec. 375.264. LIMITATIONS [LIMITATION] ON DISSOLUTION BY
 1-36 BOARD OF DISTRICT WITH DEBT. (a) A district may not be dissolved by
 1-37 its board under Section 375.261 or after a petition is filed under
 1-38 Section 375.262 if the district has [any] outstanding bonded
 1-39 indebtedness until that bonded indebtedness has been repaid or
 1-40 defeased in accordance with the order or resolution authorizing the
 1-41 issuance of the bonds.

1-42 (b) If a petition for dissolution is filed under Section
 1-43 375.262 with the board of a district and the district has
 1-44 outstanding bonded indebtedness secured by assessments:

1-45 (1) the district shall remain in existence solely for
 1-46 the purpose of discharging its bonded indebtedness; and

1-47 (2) the board shall use all district money that is
 1-48 available for the purpose to repay or defease the bonded
 1-49 indebtedness as soon as practicable in accordance with the order or
 1-50 resolution authorizing the issuance of the bonds.

1-51 (c) Subsection (b) does not apply to a district that has
 1-52 outstanding bonded indebtedness secured by a source other than
 1-53 assessments on the date the petition is filed with the board.

1-54 SECTION 3. The changes in law made by this Act apply only to
 1-55 a municipal management district that is the subject of a petition
 1-56 described by Section 375.262, Local Government Code, filed with the
 1-57 board on or after the effective date of this Act. A district that is
 1-58 the subject of such a petition filed with the board before the
 1-59 effective date of this Act is governed by the law in effect on the
 1-60 date the petition was filed, and the former law is continued in

2-1 effect for that purpose.

2-2 SECTION 4. The changes in law made by this Act may not be
2-3 construed to impair an obligation under a contract entered into
2-4 before the effective date of this Act. A political subdivision may
2-5 fulfill the subdivision's obligations under a contract entered into
2-6 before that date but may not extend such a contract beyond the
2-7 contract's original term.

2-8 SECTION 5. This Act takes effect September 1, 2021.

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